

SENATE BILL 1352

By Norris

AN ACT to amend Tennessee Code Annotated, Title 6,
Chapter 1, Part 3; Title 6, Chapter 18, Part 1 and
Title 6, Chapter 52, relative to municipal debt.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 6, Chapter 52, Part 1, is amended by deleting the part in its entirety and by substituting instead the following language:

6-52-101. This part shall apply to all municipalities, including incorporated cities and towns, of this state whose charters are surrendered, repealed, abolished, or forfeited under this title on and after the effective date of this act, notwithstanding the type or substance of the municipality's charter.

6-52-102.

(a) In case of a reversion to a former charter or adoption of a new charter simultaneously with, or within any period of time prescribed by law that follows, the surrender, repeal, abolishment, or forfeiture of the former charter, all assets, liabilities, and obligations of the former municipality shall become those of the new municipality.

(b) The new municipality is declared to be the successor of the former municipality for the purposes of this part.

(c) The successor municipality shall be liable for the obligations of the former municipality, and shall be entitled to the property and assets of the former municipality, which shall pass to and be vested in the new municipality for the same uses and purposes for which it was held and to be used by the former municipality.

(d) The successor municipality is invested with the right to collect, receive, and receipt for all taxes and dues to the former municipality to which it succeeds, and shall

be entitled to exercise all the remedies provided by law for the collection of such taxes and dues.

6-52-103.

(a) In the event a municipality does not adopt a new charter or revert to a former charter following the surrender, repeal, abolishment, or forfeiture of a former charter, and reverts to unincorporated status, the governing body of the former municipality shall become trustees of the property and funds of the former municipality, and, under such bonds as may be required by the county legislative body, shall proceed to terminate the affairs of the municipality and dispose of its property.

(b) The trustees shall first apply the property or funds to any obligations owed by the former municipality. If the property and funds are more than sufficient to meet the municipality's obligations, the surplus shall be paid into the treasury of the county to become a part of its general fund.

(c) If the property and funds are insufficient to meet all the municipality's current obligations, the county legislative body shall levy a special tax upon the property within the boundaries of the former municipality for the purposes of satisfying any remaining obligations of the municipality, including meeting existing indebtedness due, meeting annual or semiannual interest charges on bonded indebtedness, providing any required sinking fund, and paying off all indebtedness when due. The proceeds of the special tax levied by this subsection shall be collected by the county trustee and paid to the trustees for the purposes enumerated in this subsection.

(d) The trustees shall terminate the affairs of the municipality as soon as possible, but in no event shall the trusteeship continue for more than thirty-six (36) months. Any matters, including obligations maturing after thirty-six (36) months, not disposed of within the thirty-six-month period shall become the responsibility of the county legislative body of the county in which the municipality is located.

(e) If the trustees have not fully satisfied all obligations at the time of termination of the trusteeship under subsection (d), then:

(1) The trustees shall forfeit any bond made to the county legislative body, and such proceeds shall be used to satisfy any remaining obligations of the municipality, including meeting any existing indebtedness due, meeting annual or semiannual interest charges on bonded indebtedness, providing any required sinking fund, and paying off all indebtedness when due; and

(2) The county legislative body shall continue to levy the special tax pursuant to subsection (c) until such time as the outstanding obligations of the former municipality are fully satisfied; provided, that the proceeds shall be collected by the county trustee and paid out upon the warrant of the county mayor for the purposes enumerated in subsection (c).

6-52-104.

(a) Where any governmental agency, corporation, association, firm, partnership, or individual is authorized under the laws of this state, or of the United States, to take property belonging to any of the incorporated municipalities, cities or towns within this state, and such power and authority is exercised to the extent that such incorporated municipality, city, or town can no longer function as such, the right to compensation for the property so taken shall vest in the taxpayers of such incorporated municipality, city, or town owning real estate or personal property assessed for ad valorem taxes within such incorporated municipality, city, or town.

(b) Such rights shall become vested as of the date the first property or properties are acquired by such governmental agency, corporation, association, firm, partnership or individual having the right under the laws of this state or the United States to acquire such property, either by sale, condemnation proceedings, or eminent domain.

6-52-105. Where any incorporated municipality, city, or town is compelled to surrender its charter by reason of the taking of its property by any governmental agency, corporation,

association, firm, partnership, or individual vested with the authority to purchase or condemn or take the properties of such incorporated municipality, city or town under the power of eminent domain, the proceeds derived from the taking of such municipal properties shall belong to, and become vested in, such taxpayers in proportion to the amount of such taxes paid or owing by such taxpayers to such incorporated municipality for the year that the first property or properties are acquired by such governmental agency, corporation, association, firm, partnership, or individual; provided, that where no taxes have been assessed for such year, then the next preceding tax year shall constitute the basis for distribution. Such distribution shall be made only after payment of all indebtedness owing by such municipality, city, or town incorporated under the laws of this state.

SECTION 2. Tennessee Code Annotated, Section 6-1-305, is amended by deleting the section in its entirety.

SECTION 3. Tennessee Code Annotated, Section 6-1-306, is amended by deleting the section in its entirety.

SECTION 4. Tennessee Code Annotated, Section 6-18-112, is amended by deleting the section in its entirety.

SECTION 5. Tennessee Code Annotated, Section 6-18-113, is amended by deleting the section in its entirety.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.